



STATE OF CONNECTICUT

PUBLIC UTILITIES REGULATORY AUTHORITY

Marissa P. Gillett, Chairman
John W. Betkoski III, Vice Chairman
Michael A. Caron, Commissioner

Energy and Technology Committee

Public Hearing, March 4, 2021

Testimony submitted and presented by:
PURA Position:

Marissa P. Gillett, Chairman
Support

Raised S.B. No. 952 – An Act Concerning Certain Solar Energy Projects

Thank you for the opportunity to present testimony regarding **An Act Concerning Certain Solar Energy Projects**. The Public Utilities Regulatory Authority (PURA or the Authority) welcomes the opportunity to offer the following **supportive testimony**. The Authority strongly supports the overall concepts raised by **S.B. 952** and provides specific recommendations with respect to certain sections and subsections, as outlined below, for the Committee's consideration.

Support of Sections 1 & 2

The Authority strongly supports sections 1 and 2 of the proposed legislation. The Authority is currently investigating the development of a statewide electric storage program for residential and non-residential participants as part of PURA's Framework for an Equitable Modern Grid proceedings in Docket No. 17-12-03RE03, PURA Investigation into Distribution System Planning of the Electric Distribution Companies – Electric Storage. As part of that investigation, the Authority issued a Straw Electric Storage Program Design proposal on January 5, 2021,¹ and is currently engaging in a public process to refine that proposal based on extensive stakeholder feedback. Accordingly, the Authority stands ready to implement sections 1 and 2 in furtherance of the Committee's objectives.

Requested Modifications to Section 3, subsection (c)

In Section 3, subsection (c), PURA respectfully requests the following modifications in **bolded** language:

Any agreement entered into pursuant to this section shall be subject to review and approval by the Public Utilities Regulatory Authority[, **which review shall be completed not later than one hundred twenty days after the date on which such agreement is filed with the authority**]. The authority shall approve any such agreement if it is cost effective and in the best interest of electric ratepayers. The net costs of any such agreement, including costs incurred by the electric distribution companies under the agreement and reasonable **and prudent** costs incurred by the electric distribution companies in connection with the agreement, shall be recovered through a fully reconciling component of electric rates for all customers of electric distribution companies. Any net revenues from the sale of products purchased in accordance with long-term contracts entered into pursuant to this section shall be credited to customers through the same fully reconciling rate component for all customers of the contracting electric distribution company.

¹ See PURA's Straw Electric Storage Program Design Proposal in Docket No. 17-12-03RE03, available at [http://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/f8eea3048fcb4ace8525865400707a2c/\\$FILE/RE03%20Straw%20Proposal.pdf](http://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/f8eea3048fcb4ace8525865400707a2c/$FILE/RE03%20Straw%20Proposal.pdf).

10 Franklin Square, New Britain, CT 06051

An Equal Opportunity Employer
www.ct.gov/pura

The Authority does not believe that the best interest of ratepayers would be served by placing in statute a deadline for approval of procurements conducted pursuant to this section, particularly as PURA would have no ability to coordinate such submission with other filings, such as rate cases. The Authority respectfully requests that the relevant language be removed; although, the Authority remains committed to adjudicating all matters placed before it in a timely fashion.

Further, the Authority respectfully requests the addition of “and prudent” to the standard of review for costs incurred by the electric distribution companies in connection with the agreement. Reasonableness and prudence are two distinct legal concepts and represent different review criteria, and it is crucially important for ratepayers that any costs ultimately included in rates are deemed both reasonably and prudently incurred.

Requested Modifications to Section 5, section (e)

In Section 5, subsection (e), PURA respectfully requests the following modifications in **bolded** language:

(2) The Public Utilities Regulatory Authority may authorize an electric distribution company to recover its prudently incurred costs and investments for any solar power electrical generation facility, as described in this subsection, such electric distribution company builds, owns or operates through a fully reconciling component of electric rates for all customers of electric distribution companies, **[until the electric distribution company's next rate case, at which time such costs and investments shall be recoverable through base distribution rates]** consistent with the principles set forth in sections 16-19 and 16-19e.

The Authority respectfully advises against permitting the incorporation of electric generation assets into the electric distribution companies’ rate base, which would translate into recovery from all ratepayers in distribution rates, subject to a rate of return. Instead, the revenue requirement for generation assets should be reconciled annually with the revenues earned from selling the energy products from such facilities. This will allow DEEP, the Authority, and the General Assembly to monitor and evaluate the cost effectiveness of such facilities and to avoid unnecessary subsidization by ratepayers of projects proposed and built by the electric distribution companies.

Requested Clarification Regarding Sections 8 & 9

S.B. 952 Section 8 states:

On or before January 1, 2022, the Public Utilities Regulatory Authority shall submit a report, in accordance with section 11-4a of the general statutes, to the joint standing committee of the General Assembly having cognizance of matters relating to energy relating to the development and implementation of one program to consolidate all existing solar energy programs within the state.

S.B. 952 Section 9 states:

On or before August 1, 2021, the Public Utilities Regulatory Authority shall initiate a proceeding to investigate renewable energy certificate programs with a reverse auction process for residential, commercial, industrial and utility solar energy development. On or before January 1,

10 Franklin Square, New Britain, CT 06051

An Equal Opportunity Employer
www.ct.gov/pura

2022, the authority shall submit a report to the General Assembly having cognizance of matters relating to energy detailing the authority's suggestions to accomplish each renewable energy certificate program.

The Authority is currently in the process of implementing Public Act 19-35, An Act Concerning A Green Economy and Environmental Protection, as codified in the General Statutes of Connecticut § 16-244z. Specifically, PURA initiated Docket No. 20-07-01, PURA Implementation of Section 3 of Public Act 19-35, Renewable Energy Tariffs and Procurement Plans, to establish renewable energy tariffs for residential customers for each electric distribution company (EDC) pursuant to subsection (b) of section 3 of Public Act 19-35. On February 10, 2021, the Authority issued an Interim Decision in Docket No. 20-07-01 that established a successor residential renewable energy tariff to replace current net metering and the residential solar incentive program (RSIP) administered by the Connecticut Green Bank, starting January 1, 2022.²

Public Act 19-35 also requires the Authority to establish tariffs applicable to, and for the procurement of, low emission facilities, zero emission facilities, and shared clean energy facilities. The Authority previously reviewed and approved a modified version of the EDCs' procurement plan to implement the shared clean energy facility (SCEF) program in its Decision dated December 18, 2019, in Docket No. 19-07-01, Review of Statewide Shared Clean Energy Facility Program Requirements.³ The Authority is currently assessing the EDCs' proposed procurement plan and proposed successor tariffs for the Low Emission and Zero Emission Renewable Energy Certificate Program (LREC/ZREC) in Docket No. 20-07-01. Notably, the State's existing Virtual Net Metering program will also be incorporated in the EDCs' procurement plan that will serve as the successor to the LREC/ZREC program.

Given the Authority's ongoing proceedings initiated pursuant to Public Act 19-35, which are structured to establish successor programs to current net metering and RSIP for residential customers, as well as successor programs for the LREC/ZREC and VNM programs for commercial and industrial customers, the Authority respectfully seeks clarification regarding the applicability of Sections 8 and 9; specifically, how such new guidance would interface with the current statutory framework in place under Public Act 19-35.

Summary of Requested Actions

The Authority is strongly supportive of the overall concepts included in the bill. The Authority respectfully requests the above modifications to Section 3, subsection (c), and Section 5, subsection (e), as outlined above, as such modifications are in the best interests of ratepayers. Further, the Authority respectfully requests clarification of sections 8 and 9 of S.B. 952 to better understand how both sections can and should be implemented under the current statutory framework authorized in Public Act 19-35, particularly as the Authority currently has a proceeding underway, Docket No. 20-07-01, to implement the changes directed by Public Act 19-35.

² See PURA's decision dated February 10, 2021 in Docket No. 20-07-01 available at [http://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/c0699a08f8a0ad078525867800574131/\\$FILE/200701-021021.pdf](http://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/c0699a08f8a0ad078525867800574131/$FILE/200701-021021.pdf).

³ See PURA's decision dated December 18, 2019 in Docket No. 19-07-01 available at <http://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/2c2724a6374a05a3852584d4006bd716?OpenDocument>.

Thank you for the opportunity to present testimony on this proposal. If you should require any additional information, please contact Taren O'Connor at 860-827-2689(o), 860-999-3498(c) or by email at: taren.oconnor@ct.gov.